

**Finance Committee
Meeting Minutes
Wednesday, June 17, 2009
Council Chambers**

Attendees: Chairman Mavodones, Councilor Anton, Councilor Waxman, Ellen Sanborn, Anita LaChance, Suzanne Knight, Troy Moon.

Chairman Mavodones called the meeting to order.

Item 1: Approve minutes from June 2, 2009 meeting.

Motion made by Councilor Anton to approve minutes from June 2, 2009 meeting, seconded by Councilor Waxman. Passes 3-0.

Item 2: Review and recommendation of amendments to CSO financing

Ellen provided a memo outlining the adjustments to financing for the six year Combined Sewer Overflow Program (CSO) that was approved by the Council in 2008. That approval included specific amounts for individual projects, much like the CIP. She explained that these amendments will not change the approved projects under the plan, or the total amount approved, but would allow flexibility within the CSO program. Ellen explained that the city received favorable bids for sewer projects, and also received stimulus funds that reduced the cost of two projects. Since this is a defined overall project, and will continue to have variances in cost, these amendments will allow administrative reallocation among projects as needed. Discussion was held on some of the CSO projects currently being financed. Ellen said the City will need to add the Ocean Avenue School CSO of \$165,000, which would be absorbed in the overall total and not require an increase in borrowing authorization. Councilor Anton would like to see a status report go to the council annually. Ellen explained that the council has already authorized the six year \$60,955,000 CSO program and that these orders are amendments to the original authorized orders. She said current financing through the Maine Bond Bank SRF program is done initially on a draw down basis and that we pay interest on what is drawn, and permanent financing is arranged when a phase of the program is almost complete. Chairman Mavodones believes that a CSO update should come to the Finance Committee annually and that determination could be made as to whether or not more information needs to go to council. Councilor Anton raised a concern about the ability to expend funds under this authorization that are not related to the CSO program Ellen explained that funding through SRF does not allow anything but approved CSO projects to be financed. All projects are reviewed by DEP to ensure they meet the requirements of the SRF financing. Both Chairman Mavodones and Councilor Anton feel the importance to state that if CSO financing is not provided through SRF, there be a certification that the project is in fact CSO qualified. Ellen will speak with Jim Saffian about the language. Councilor Waxman also feels it is important to have periodic review of how CSO funding and projects are going.

Motion was made by Councilor Anton to send orders amending the CSO Program to Council, seconded by Councilor Waxman. Passes 3-0.

Item 3: Discussion on impacts of energy improvements financing.

Ellen provided a memo and explained that she has spoken with Moody's about the financing of energy improvements. She reported that they would not view this type of financing any differently than the City's usual borrowing. When asked how the City would be viewed if we exceeded our policy of an annual 10 million borrowing cap, they responded that it would depend on how much was exceeded but felt that given the intent of debt service to be funded through energy savings, if we managed debt service cost in this way it should not be unfavorable. Councilor Anton asked if project estimates had been received. Troy Moon said that they should be receiving a preliminary report soon.

Councilor Anton is interested doing as much as possible as soon as possible. Ellen said this has to be timed on an annual basis to coincide with actual energy cost savings. Councilor Mavodones asked if anyone had any idea how other communities are handling this. Ellen said that it is a mix, that some finance through the company doing the study, and some issue their own debt. She said once report is received she would be able to analyze cost benefits and determine financing.

Councilor Anton had a handout different ways this could be funded. He would like to look into lease expenditure as an annual debt. Chairman Mavodones feels it's beneficial to say that we looked at a variety of ways of funding energy performance capital improvements. Ellen said that we can look at all types of financing but is concerned about going outside of the City's cap. She also said we may want to treat this as a separate item outside of the CIP, if in fact the debt service can be covered with energy savings cost, as these projects will have their own timeline and may not easily coincide with the CIP process. Councilor Anton feels that the Council will want to make these investments as soon as possible. Ellen said that once the report is produced we can have clearer discussions on funding over time and reminded committee members that the school is involved with this effort.

Troy expects the preliminary report by the end of June. This will be a breakdown by each building and measure. Components will be text approximately 150 pages long with financial spreadsheets. Discussion was held on the importance of hiring a third party person to review the energy performance report. Ellen said that Paul Bradbury has already suggested this but is unaware of what the cost will be.

Other Business:

The finance committee work plan was reviewed and preliminary agendas were discussed. The next meeting is joint with School Department on June 30th and Ellen has emailed Jim Morse, new superintendant to make him aware of this meeting. Revisions will be made to the work plan.